The gross collections in Indira Vikas Patra and Kisan Vikas Patra from the date of their introduction to 31-3-93 (provisional) were Rs. 28665 crores.

(b) The gross collections in both the schemes taken together during 1992-93 (provisional) were higher than that during 1991-92.

(c) and (d) The maturity period of Kisan Vikas Patra period of Indira Vikas Patra issued from 24th April, 1992 was reduced from five and half years to five years with investment to double in five years. This scheme also provides for premature encashment facility after two and half years from the date of purchase. Investment in Indira Vikas Patra also doubles in five years.

(e) Yes Sir.

(f) The rate of income tax on interest that accrues on these patra will depend upon the total income of the holder.

Duty on Cigarettes

395. SHRI CHIMANBHAI MEHTA:
SMT. MIRA DAS:
SHRI G. G. SWELL:
SHRI SARADA MOHANTY:
SHRI SUBRAMANIAN SWAMY:

Will the Minister of FINANCE be pleased to state:

(a) whether is it a fact that cigarettes in the top range price are taxed to the tune 43.64 per cent to 44.74 per cent, medium range price in the range of 46.69 per cent to 74 per cent and low range price within the range of 66.67 per cent to 77.27 per cent;

(b) whether is it a fact that due to above type, arrangement of specific duty rates high priced cigarette manufacturers get much higher profits as much as 6 times more profit compared to bottom priced cigarettes;

(c) whether it is a fact that had the same percentage of *ad valorem* duty prevalent in 1986/87 been maintained today, the Government would have gained more than Rs. 500 crores per annum in revenue for cigarette industry; and

(d) whether it is also a fact that Chelliah Committee has recommended *ad valorem* excise duty in lieu of specific duty as this adversely affects revenue collection if so, what are the reasons for which Government are not implementing this recommendation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) The excise duty on cigarettes is specific based on the length of the cigarettes and is not related to their price.

(b) The profits of the cigarette indstry are not directly related to the rates of central excise duty. Central excise duty is only one of the elements in the cost of cigarettes.

(c) and (d) The Chelliah Committee has recommended the replacement of specific duties by *ad valorem* rates. However, they have stated that there could be some exceptions as in the case of cigarettes. As ad *volrem* duties on cigarettes were statutorily changed to specific duties, it would not be correct to say that the Government would have gained more revenue if the ad valorem duties had continued.

Proposal to raise Gujarat Development bonds

396. SHRI VITHALBHAI M. PATEL: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Government of Gujarat has submtted a proposal in November, 1992 to

raise Gujarat Development Bonds, for funding Sardar Project;

(b) whether it is also a fact that the proposed Gujarat Development Bonds, if approved, will increase foreign exchange reserves and reduce budgetary allocations; and

(c) what are the reasons for delay in approving the Gujarat Government's request to issue Gujarat Development Bonds?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) Yes, Sir.

(b) and (c) The proposal was not found to be consistent with the Governments policy, since it involved provision of budgetary support by absorbing the foreign exchange risk and extending guarantee support.

Merger of rural banking system with Commercial Banks

897. SHRI SUKOMAL SEN: Will the Minister of FINANCE be pleased to state:

(a) whether there is any proposal under Governmentss consideration to merge the Rural Banking system with the Commercial Banks, if so, what are the details thereof; and

(b) what are the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) and (b) Government have initiated a process of consultation for restructuring of the Regional Rural Banks (RRBs). A number of models have been worked out and effectiveness of each is being examined from all angles. This also includes the proposal for establishment of a National Rural Bank of India (NRBI), with a view to improve the viability of rural banking and increase the flow of credit to rural sector. However, no final decision has so far been taken in this regard.

*898. (*Transferred to 9th August,* 1993)

Spoiling of currency notes at RBI Jaipur

899. SHRI S. S. AHLUWALIA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Reserve Bank of India at Jaipur recently lost one crore rupees because it could not decide for nearly one year whether to pay overtime allowance to a class IV employee to open the box and as a result the currency notes turned into pulp;

(b) if so what are the details thereof; and

(c) what action Government have taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) to (c) A box containing 1 lakh pieces of Rs. 10/- was received by Jaipur Office from Nasik Note Press on 25.6.92. These notes were subjected to preliminary verification on 29-6-92 and repacked as per the procedure. These notes were taken up for examination before issue over the Banks counters on 18-6-1993 when it was found that out of 100 note bundles in the box 11 bundles (11000 pieces) were fully damaged and had become pulpy. Another 28 bundles (28000 pieces) were partially damaged. The note bundles were damaged presumably due to seepage of water into the box. The RBI has reported that this incident is not due to dispute regarding payment of overtime allowance to employees.

The notes held in Bank's Issue Department vaults are treated as